

Investment Policy & Guidelines Statement

(ACES) Opportunity Enhancement Fund

CollegeCounts 529 Program

August 2012

Section 1. Authority and Purpose

The Alabama College Education Savings Program (“ACES”), Opportunity Enhancement Fund (“Fund”) was established in Section 16-33C-10(g), Code of Alabama, as a separate fund within the State Treasurer’s Office for the purpose of enhancing and providing higher education opportunities and programs, as the ACES Board deems necessary and appropriate. The fund may receive contributions from individuals, private business entities, public corporations, and contractual agreements with service providers. The amounts on deposit in the fund shall not constitute property of the state, and the state shall have no claim or interest in them.

The Board of Directors (“Board”), created in Section 16-33C-4, Code of Alabama, is responsible for investing monies held in the Fund. The purpose of this Investment Policy & Guidelines Statement (“Statement”) is to assist the Board in effectively establishing, monitoring, evaluating, and revising the investment program established for the Fund.

This Statement will be reviewed at least annually.

Section 2. Investment Responsibility

Section 16-33C-10 (e), Code of Alabama, states that “In acquiring, investing, reinvesting, exchanging, retaining, selling, and managing property of the Fund, the board and any person or investment manager to whom the board delegates any of its investment authority, shall exercise the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but to permanent disposition of funds, considering the probable income as well as the safety of their capital. When acting within this standard of care, no board member, or any person or investment manager to whom the board delegates any of its investment authority, shall be held personally liable for losses suffered by the ACES Program on investments made pursuant to this chapter.”

The Board is responsible for the Statement, the direction of investments and administration of the assets of the Program. The Investment Policy Statement adopted by the ACES Board of Directors for the CollegeCounts 529 Fund governs all funds offered as an investment vehicle for the Program. The Board may rely on one or more contractors to assist in the administration of the Program.

Section 3. Objectives

The overall investment objectives for the Program shall seek to achieve the following:

1. A long-term competitive rate of return on investments that compares favorably to or exceeds a return of the applicable fund benchmark.
2. An investment program flexible enough to meet the needs of annual distribution of scholarship awards.

3. Portfolios that encompass a range of risk and return opportunities.

Section 4. Investment Portfolios

Funds will be invested in one or more of the available Direct Sold investment options. Each option will be composed of a designated mix of investments or an individual investment fund.

The option(s) selected shall be based upon an asset allocation of 60% equities, international and domestic, and 40% universal fixed income. There is a permissible range of plus or minus 5% around the target allocation for each investment portfolio.

Performance shall be measured by the associated benchmark of the investment option chosen.

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